
STATE SCHOOL AID UPDATE

Michigan Department of Education

January 2005
Vol. 13 No. 4

REGISTRY OF EDUCATIONAL PERSONNEL DEDUCTS

The Center for Educational Performance Information (CEPI) has informed the Office of State Aid and School Finance that 15 districts had not completed the Registry of Educational Personnel (REP) reporting requirement, per Section 19(5) of the State School Aid Act, at the time that the January payment was processed. These 15 districts will have 5% of the “total funds for which the district or intermediate district qualifies under this act” withheld until the district or intermediate district complies with the reporting requirement per the language in Section 19(7) of the act that requires the Department to do so. According to a December 6, 2004 letter to district and intermediate district superintendents signed by Meg Ropp (Director, CEPI) and Jeremy Hughes (Deputy Superintendent of Public Instruction), there will be a one week window of opportunity to complete the REP submission beginning Monday, January 17, 2005. For questions regarding the REP submission, please contact the DIT Client Service Center via e-mail at Help-Desk@Michigan.gov or call (517) 335-0505.

SENATE BILL 1193 ENACTED

Senate Bill 1193 was signed by the Governor on January 3, 2005 and enacted into law as P.A. 518 of 2005. P.A. 518 reduces the amount of funds appropriated from the school aid fund for 2004-2005 by \$99,500,000 and increases the amount of funds appropriated for school aid purposes in 2004-2005 from the general fund by \$99,500,000, based on estimated revenues determined at the December 3, 2004 special revenue estimating conference. This bill also amends Section 51a(7) of the State School Aid Act to disallow the costs of a joint shared-employment arrangement between an intermediate and 1 or more of its constituent districts that takes effect in 2004-2005 or a subsequent year. See the December UPDATE for more detail on Senate Bill 1193 and the December 3, 2004 revenue estimating conference.

TREASURY DEPARTMENT CONDUCTING AUDITS OF TAXABLE VALUATION DATA

The Treasury Department, Local Audit and Finance Division, is conducting audits of Tax Increment Financing Authorities, Local Development Financing Authorities, and Downtown Development Authorities. One purpose of these audits is to verify the actual amount of school operating taxes that the authorities were entitled to “capture” and to verify the corresponding amount of captured assessed valuation (CAV) that should have been reported to the Michigan Department of Education for purposes of calculating state school aid. The Treasury Department has prepared spreadsheets of their audit findings that show any discrepancies. The Office of State Aid and School Finance is in the process of preparing letters to county treasurers asking that they revise the CAV reported to the Department. Since these adjustments will result in prior year state school aid adjustments, a copy of the letters and spreadsheets will also be forwarded to the appropriate school district. Contact Phil Boone, State Aid & School Finance, (517) 335-4059 or BooneP2@michigan.gov with questions related to this matter.

STATE AID CONTINUES TO BE WITHHELD FOR DELINQUENT REPORTS

A few districts and PSAs continue to have state aid withheld because they have failed to file the financial audit report and/or the Annual Comprehensive Financial Report-Financial Information Database (FID). Payments will continue to be withheld until the required reports are received. All 2003-2004 *pupil accounting* audit reports have been filed. Questions regarding the *audit reports* may be directed to Kathy Weller, Office of Audits, (517) 335-6858, or e-mail: WellerK@Michigan.gov. Districts with questions pertaining to the *FID* may contact Glenda Rader, State Aid & School Finance, (517) 335-0524, or e-mail: RaderG@Michigan.gov. We greatly appreciate the cooperation of all those who have filed their reports in a timely manner.

FY 2005 RENAISSANCE ZONE ESTIMATES ON THE JANUARY STATUS REPORT

In the past, the Section 26a Renaissance Zone funds have not appeared on the State School Aid Financial Status Reports until late in the school year when the actual taxable values of the Renaissance Zone property were reported to the Treasury Department and the actual district or intermediate district allowance was

calculated. This fiscal year, beginning with the January payment, we are paying out the Renaissance Zone funds on an estimated basis until the actual numbers are known. This is similar to several other categorical program funds. Therefore, you will see a current year Renaissance Zone allowance on your January status report in the Section labeled "Current Year Allowances." The January payment includes payment of 36.36% of the estimated allowance.

The allowance for local school districts is calculated by multiplying the non-homestead Renaissance Zone taxable value by the school operating millage. Hold-harmless school districts also use the homestead Renaissance Zone values. The reimbursement to intermediate school districts is calculated by multiplying the homestead and non-homestead taxable values by the intermediate district millage rates. If there is Industrial Facility Tax property in the Renaissance Zone then the intermediate district is reimbursed for its share of the Industrial Facility Tax for the allocated millage. If the intermediate district does not receive Section 56 and/or Section 62 funds, the intermediate district is reimbursed for the applicable special education millage and/or vocational education millage. Questions regarding the calculation of the Renaissance Zone funding should be directed to Howard Heideman, Michigan Department of Treasury, Office of Revenue and Tax Analysis, (517) 373-9002 or HeidemanH@Michigan.gov.

ADULT EDUCATION ADJUSTMENTS FOR FY 2004

Districts operating adult education programs may see two prior year adjustments for FY 2004 Section 107 payments. As is described in Section 107(10)(b), 10% of a district's allocation is based upon program objectives and completion. Adjustments for meeting less than 100% of objectives have been made. Those recovered funds have been redistributed to districts that reported participant FTE counts in excess of their caps. FTEs above the cap are being paid out at \$26.90 per FTE based on information provided on the AE-4859 Section 107 Performance Report. Questions regarding the calculation of the adjustment may be directed to Joellen Wonsey, Office of State Aid & School Finance, (517) 373-3352, or WonseyJ@Michigan.gov. With questions regarding the AE-4859 Report, contact Sandy Thelen, Department of Labor and Economic Growth at (517) 373-3395 or e-mail ThelenSJ@Michigan.gov.

UPDATE TO THE MICHIGAN PUBLIC SCHOOL ACCOUNTING MANUAL

Change Notice Number 12 updating the Michigan Public School Accounting manual was mailed to business managers on January 4, 2005. This information along with the entire manual may also be found on our website at www.Michigan.gov/mde. Click on "keywords" in small print near the top of the page and then "Michigan Public School Accounting Manual." Districts are required to implement these changes in financial records that are to be reported for the 2005-2006 fiscal year (beginning July 1, 2005). However, early implementation is encouraged and will be allowed in the 2004-2005 Financial Information Database (FID) which is due November 15, 2005 under current law. With questions regarding this Change Notice, contact Glenda Rader,

FINANCIAL INFORMATION DATABASE (FID) CORRECTIONS

Office of State Aid and School Finance (SASF) staff will be mailing out various correspondence to school business managers the week of January 17, 2005 related to an analysis of the 2003-2004 fiscal year Financial Information Database (FID) submission. The correspondence requests that business officials review the data in question and either correct the FID or contact the SASF office to explain the discrepancies. Your cooperation in "cleaning up" the 2003-2004 FID data is very much appreciated. With questions regarding this request, contact Glenda Rader, State Aid & School Finance, (517) 335-0524, or e-mail: RaderG@Michigan.gov.

IMPORTANT DATES TO REMEMBER

- C **February 1** is the due date for districts and ISDs to report to the local health department the **immunization status** of each new pupil in grades K-12 who enrolled in the district or ISD for the first time during the immediately preceding calendar year and all 6th graders, pursuant to State School Aid Act Section 167. (Patty Lawless, (517) 373-1122, LawlessP@Michigan.gov)
- C **February 9** is the **supplemental count day** for all districts, ISDs, and PSAs and the 3rd quarterly count date for adult education participants. (Joellen Wonsey, (517) 373-3352, WonseyJ@Michigan.gov)

*Do you have questions about the information appearing in this UPDATE? Call the consultants identified above or **Dan Hanrahan, Director, State Aid & School Finance, MDE**, phone: (517) 335-0521, fax: (517) 241-0196, e-mail: HanrahanD@Michigan.gov